



Office of Health Policy and Program Support
P.O. Box 720724
Sacramento, CA 94229-0724
Telecommunications Device for the Deaf, 1 (800) 735-2926; (916) 795-3240
Toll Free: **(888) 225-7377** or 1 **(888) CalPERS**
FAX (916) 795-4105

April 22, 2008

AGENDA ITEM 3d

TO: MEMBERS OF THE HEALTH BENEFITS COMMITTEE

- I. SUBJECT:** CalPERS Health Information Technology Strategy
- II. PROGRAM:** Health Benefits
- III. RECOMMENDATION:** Information Only
- IV. BACKGROUND:**

CalPERS is the largest purchaser of health care coverage in California. As a market leader, it seeks to constructively influence the future direction of the California health care marketplace to ensure it evolves in ways that both improve the quality of care delivery and outcomes, and, increase the efficiency of care delivery, thereby reducing the need for future cost increases.

CalPERS recognizes that a key factor in the future evolution of the health care marketplace will be the successful application of Information Technology (IT). To successfully influence marketplace direction with respect to health care IT, CalPERS seeks to build a better understanding of the current health care IT landscape and develop a strategy for successfully influencing the marketplace in this area over the next several years.

Staff engaged Mercer to provide research and facilitation support in the development of a three-year strategy to allow it to successfully influence the direction and uptake of health care IT within the California marketplace.

This agenda item reports on the key activities of this project and the resulting product. Mr. Chuck Hartwig from Mercer will make a presentation at the April Health Benefits Committee meeting to provide a high-level overview of the current landscape of health IT trends and initiatives in the market, and seek committee input on project scope, methodology, and process.

V. ANALYSIS:

The following summarizes the major elements of this project:

- Develop a clear set of overall health care IT goals and priorities
- Define the range of health care IT that CalPERS seeks to influence within the scope of our strategy
- Conduct a review of current IT initiatives across the health care industry in both California and nationally to determine which initiatives fit best with CalPERS objectives, and could benefit from CalPERS support (the review will also leverage CalPERS' partnership with Health Evolution Partners and other like partners and resources)
- Evaluate the potential approach CalPERS could take to influence and/or otherwise impact the uptake and use of targeted health care IT alternatives
- Narrow the universe of health care IT priorities to a manageable set of options that CalPERS could pursue
- Understand the potential economic and clinical impact of specific healthcare IT initiatives
- Compose a three-year healthcare IT action plan based on findings from the above studies, including a description of the process by which CalPERS could realize success across these initiatives.

Mercer will document its findings in a written report to be completed by June 30, 2008. Staff will present findings and the three-year action plan at the July 2008 CalPERS Board of Administration and Executive Offsite.

The following summarizes the proposed methodology and timing for this project:

Phase I: Healthcare IT Strategy Planning (April 4 – April 18)

The goal of this process is to define CalPERS' interests, goals and priorities in developing and pursuing a health care IT strategy.

- Step 1 – Develop High-Level Landscape of Health Care IT
- Step 2 – Priority-Setting Session with Executive Staff
- Step 3 – Synthesize Overall Goals for the Study

Phase II: Health Care IT Strategy Development (April 19 – May 30)

This part will involve a combination of literature search and interviews with key market players and IT experts, including the investment community.

Market Analysis

- Step 1 – Identify California and National Healthcare IT Initiatives

Step 2 – Identify Trends in the Healthcare IT Commercial Marketplace
Step 3 – Explore the Segments of Healthcare IT
Step 4 – Market Segmentation and Actionable Healthcare IT Agenda

Financial and Qualitative Analysis

Step 1 – Healthcare IT Financial Benefits
Step 2 – Healthcare IT Qualitative Benefits

Develop 3-Year Healthcare IT Action Plan (May 12 – May 30)

V. STRATEGIC PLAN:

This item supports Goal XII: “Engage and influence the health care marketplace to provide medical care that optimizes quality, access and cost.”

VI. RESULTS/COSTS:

This is an information item only.

Sandra Felderstein, Chief
Office of Health Policy and Program Support

Gregory A. Franklin
Assistant Executive Officer
Health Benefits Branch